

2010-11 – 3rd QUARTER STATUS REPORT – Chief Actuary (A. Milligan)

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Qualitative Performance Measures *(All performance measures utilize standard Qualitative incentive schedule unless otherwise noted)*

Customer Focus

Weight	Performance Measure
30%	<p>By June 30, 2011, achieve Enterprise Priority #1 "Customer Focus," as set forth in the 2010-11 Business Plan approved by the Board for the following objectives:</p> <ul style="list-style-type: none"> Enhance consistent, collaborative communication and engagement with stakeholders Ensure the PSR/ETM/PERT Project remains on schedule and within budget and implement planned activities in the PSR/ETM/PERT Recovery Plan Implement an enterprise web-based multi-channel communication service <p>(Specific tactics and milestones are set forth in the Business Plan)</p>
<p>3rd Quarter Status:</p> <p>In addition to previously reported results, consistent, collaborative communication and engagement with stakeholders was advanced by:</p> <ul style="list-style-type: none"> Completion and distribution of the local elected officials' toolkit and the state and federal elected officials' toolkit. Regular communication employers of issues relevant to the through the issuance of 21 circular letters. Presented an actuarial perspective to a number of employer and member organization conferences <p>The PSR/ETM/PERT project completed the End to End Test Phase approx. two weeks late resulting in the use of some of the seven weeks of contingency time available. The use of contingency time as a result of the delayed completion of End to End test means that there is less contingency time available for the Customer Acceptance Test Phase resulting in some increased risk to the project. . The project is currently expected to implement on schedule and within budget.</p> <p>Additional pilot Webinars were delivered replace the Retirement Fairs. The experience gained from the pilots will enable more effective webinars and better communication. A web event area was established on the Insider to enhance availability of information such as policies and procedures to staff. The service was communicated/rolled out to CalPERS staff for their use via the Insider, as well as an announcement memo from the Director of External Affairs.</p>	

Sustainability

Weight	Performance Measure
30%	<p>By June 30, 2011, achieve Enterprise Priority #2 "Sustainability," as set forth in the 2010-11 Business Plan approved by the Board for the following objectives:</p> <ul style="list-style-type: none"> Protect stakeholder interests, assist policymakers in making decisions, and influence the state and federal pension reform debate by <ul style="list-style-type: none"> Providing employers with enhanced actuarial information on the impact of investment volatility their contribution rates by December 31, 2010 Recommending possible changes to the actuarial discount rate by March 2011 Distributing an educational toolkit for elected officials on funding public pensions and post-retirement medical benefits by March 2011 Providing continuous monitoring, analysis, and impact response on pension reform proposals Participate in the development and recommendation of the strategic asset allocation <p>(Specific tactics and milestones are set forth in the Business Plan)</p>
<p>3rd Quarter Status:</p> <p>All employers received enhanced information on the impact of investment volatility on their contribution rates in their annual actuarial valuation report in the form of an investment return sensitivity analysis. This information has been well received by employers.</p> <p>A recommendation regarding changing the actuarial discount rate for plans in the Public Employees Retirement Fund (PERF) was presented to the Benefits and Program Administration Committee at its March meeting. Recommendations about the discount rates for other funds (the Legislators Retirement Fund and the Judges Retirement Fund II) will be made when the valuation reports</p>	

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for those funds are presented in May and will reflect the direction the Board took in its decision with respect to the discount rate applicable to the plans in the PERF.

Educational toolkits for local elected officials as well as toolkits for state and federal elected officials have been prepared and initial distribution occurred at the end of March 2011. Distribution continues as new opportunities present themselves.

Staff has continuously monitored and analyzed pension reform proposals. Technical assistance has been provided as appropriate. This activity has already been facilitated by the organization restructure which created the Benefits Programs, Policy and Planning area and further improvements are anticipated as that area is developed.

New strategic asset allocations have been adopted for the PERF, LRF and JRF II.

Building Internal Strength

Weight	Performance Measure
30%	<p>By June 30, 2011, achieve Enterprise Priority #3 "Building Internal Strength," as set forth in the 2010-11 Business Plan approved by the Board for the following objectives:</p> <ul style="list-style-type: none"> • Attract, develop, and retain a diverse workforce and build a work culture that reflects diversity and inclusion best practices • Institute an enterprise Risk Management function to effectively evaluate, monitor, and manage risk across the organization • Complete the first phase of the Organizational Alignment initiative • Design and implement an enterprise Succession Plan framework to ensure leadership continuity, retention of institutional expertise, and development of staff <p>(Specific tactics and milestones are set forth in the Business Plan)</p>

3rd Quarter Status:

The CalPERS Core Values were rolled out to CalPERS early in the third Quarter. Since then, there has been a continuation of the focus on CalPERS core values and an effort to ingrain the values into the culture of CalPERS.

The enterprise risk management function continues to mature and progress was made towards implementing comprehensive risk reporting. Data collection for risk intelligence has commenced and is currently in the process of being analyzed for inclusion in a risk dashboard, focus list and emerging risks list.

By final organizational design was completed and the first wave of changes, including significant changes on the program side as well as the implementation of the Financial Office under the CFO was implemented.

An increased engagement with the professional actuarial committees is expected to bring benefits in the ability to attract and develop our workforce. This is expected to bring results in inclusion and succession management. One staff member has been elected vice chair of the Joint CAS/SOA Committee on Actuarial Diversity.

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Organizational Management Practices

Weight	Performance Measure
10%	<p>By June 30, 2011, achieve improvements in enterprise management by:</p> <ul style="list-style-type: none">• Maintaining an average Actuarial and Employers Services Branch position vacancy rate of 5% or less through the Fiscal Year 2010-11• Ensuring all Form 700 Statements of Economic Interest are filed by scheduled employees in the Actuarial and Employers Services Branch by the mandated due date of April 1, 2011• Ensuring all scheduled employees in the Actuarial and Employers Services Branch complete the legally mandated AB 1234 ethics training by June 30, 2011• Maintaining a 90 percent EPAD completion rate for employees in the Actuarial and Employers Services Branch• Resolving all outstanding audit findings pertaining to the Actuarial and Employers Services Branch within 12 months of audit report.
<p>3rd Quarter Status:</p> <p>The vacancy rate for the Actuarial and Employer Services Branch (AESB) through the first three quarters of the fiscal year was 4.3%</p> <p>All form 700 Statements of Economic Interest for scheduled employees of AESB have been filed.</p> <p>All scheduled employees of AESB have completed the legally mandated AB 1234 ethics training.</p> <p>The EPAD completion rate is currently at 76%, below the target 90% completion rate and management will be taking corrective action in the final quarter to ensure that the completion rate is increased.</p> <p>There are no outstanding audit findings pertaining to AESB</p>	